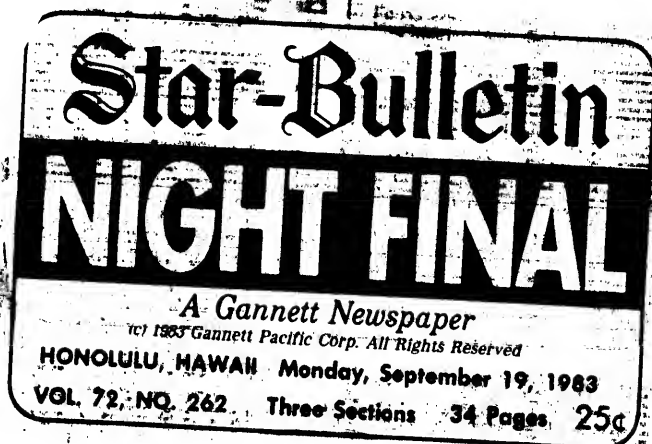


Rewald Defense Plan Attacked

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Trustee's Attorney Files Reply

Rewald Defense Plan Attacked

By Charles Memminger
Star-Bulletin Writer

An attorney for the trustee of Ronald Rewald's bankrupt company this morning strongly attacked Rewald's proposed use of secret information and company assets in his defense against civil and criminal charges.

"Those with an honest regard for the safety and security of their country do not flaunt their patriotism, exploit their marginal connections with government agencies and employees to gain the confidence of the public, enrich themselves by defrauding investors and then ... seek to absolve themselves of their criminal offenses, civil wrongs and ethical shortcomings by trying (to hide) behind a protective shroud of national security," attorney Don Gelber said.

Gelber's remarks were written in response to papers filed last week by Rewald's civil attorney, Robert Smith.

Smith filed a motion asking the bankruptcy court to allow him to use classified information and to release some of Rewald's frozen assets to pay for civil and criminal defense fees.

It is unknown exactly what information Smith is referring to, but CIA agents previously isolated six packets of "classified" information from Rewald's company records. That information remains under court seal.

In support of the motion, Smith also filed an affidavit from Rewald in which Rewald for the first time publicly defended much of his activities as head of Bishop, Baldwin, Rewald, Dillingham & Wong.

In the affidavit, reported in an article in the Sunday Star-Bulletin & Advertiser, Rewald said the company assets total about \$4 million, according to his figures, and his personal assets amount to about \$3 million.

Bankruptcy trustee Thomas Hayes this morning repeated his earlier statement that the assets of both the company and Rewald are about \$1.5 million to \$2 million.

Hayes called Rewald's figures "patently ridiculous."

He estimates that investors put from \$10 million to \$12 million into Rewald's company.

In preparation for tomorrow's resump-

tion of bankruptcy proceedings before U.S. Judge Martin Pence, Gelber filed a reply to Smith's motion today in federal court.

Gelber wrote in particularly strong language against Rewald's proposed use of secret information in his defense.

"Mr. Rewald is attempting to hide the bankruptcy of his company and his own highly questionable conduct in a cloak of secrecy. The dodge won't work," Gelber said. "There's no defense based on patriotic service; and if there were, Mr. Rewald and his company would not be entitled to it."

As far as Rewald's request for funds to be released to pay his attorney fees, Gelber said, "The corporation, with deposited money, has already provided Mr. Rewald with a mansion, a fleet of fancy automobiles, a string of polo ponies and show horses, two ranches, a tutor for his children, a chauffeur, and other extravagances. (Investors) should not now be required to pay for his attorney's fees so that he can defend against charges he looted the corporation and defrauded its creditors."